

HOUSE BILL No. 1637

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-2-9-6; IC 20-5; IC 20-8.1-1-19; IC 20-10.1; IC 21-2-19; IC 21-3-1.7.

Synopsis: School textbook funding. Expands the definition of "textbook" to include certain materials used in student instruction. Requires school corporations to establish a textbook fund and to use money from the fund to purchase textbooks. Provides an annual state textbook grant equal to \$83 multiplied by the average daily membership of a school corporation. Requires the deposit of grant funds in a school corporation's textbook fund. Limits a student textbook rental fee to 25% of the total purchase price of the textbooks minus \$83. Repeals provision: (1) governing the accounting methods for textbook rental programs; and (2) authorizing the governing body of a school corporation to furnish textbooks free of charge in hardship cases.

Effective: July 1, 2005.

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January 19, 2005, read first time and referred to Committee on Education.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1637

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 20-2-9-6 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) Where a school lunch fund ~~or~~
3 ~~a textbook rental fund~~ is created under section 4 ~~or section 5~~ of this
4 chapter, the receipts and expenditures for ~~each~~ **the** program shall be
5 made to and from the ~~proper~~ **school lunch** fund without appropriation
6 or the application of other laws relating to the budgets of local
7 government units.
8 (b) Where ~~either or both programs~~ **the program** under section 4 ~~and~~
9 ~~section 5~~ of this chapter ~~are~~ **is** handled through the ~~extra-curricular~~
10 **extracurricular** account, the township trustee shall approve the
11 amount of the bond of the treasurer of the ~~extra-curricular~~
12 **extracurricular** account in an amount ~~he~~ **the township trustee**
13 considers protects the account for all funds coming into the hands of
14 that treasurer.
15 SECTION 2. IC 20-5-6-6 IS AMENDED TO READ AS FOLLOWS
16 [EFFECTIVE JULY 1, 2005]: Sec. 6. ~~(+)~~ **(a)** Where a school lunch
17 fund ~~and a textbook rental fund are~~ **is** created in accordance with

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section 4 ~~or 5~~ of this chapter, the receipts and expenditures therefrom for the program ~~to which each relates~~ shall be made to and from such fund without appropriation or the application of other statutes and rules relating to the budgets of municipal corporations.

~~(2) (b)~~ Where ~~either the lunch program or textbook rental program~~ ~~are~~ is handled through the extracurricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer of the extracurricular account in an amount deemed by it sufficient to protect the account for all funds coming into the hands of the treasurer of such account.

SECTION 3. IC 20-8.1-1-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 19. As used in this article, "textbook" has the meaning set forth in IC 20-10.1-1-12.5.**

SECTION 4. IC 20-10.1-1-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12.5. As used in this article, the term "textbook" means systematically organized material, designed to provide a specific level of instruction in a subject matter category **and includes the following:**

(1) Instructional materials that are used by students for more than one (1) year, including materials used in special education and gifted and talented classes.

(2) Workbooks and consumable instructional materials that are used by students for not more than one (1) school year, including workbooks, consumable textbooks, and other consumable instructional materials that are used in special education and gifted and talented classes.

(3) Developmentally appropriate materials used:

(A) for instruction in kindergarten through grade 3, laboratories, and children's literature programs; and

(B) instead of items described in subdivisions (1) through (2).

SECTION 5. IC 20-10.1-9-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. ~~Time Basis Purchase.~~ When a school corporation purchases textbooks on a time basis, the schedule for payments shall coincide with ~~pupil payments~~ **reimbursement under IC 21-3-1.7-9.4** to the school corporation for ~~textbook rental~~ **textbooks** and the schedule shall not require the school corporation to assume a greater burden than payment of twenty-five percent (25%) within thirty (30) days after the beginning of the school year immediately following delivery by the contracting publisher with the school corporation's promissory note evidencing the unpaid

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SECTION 6. IC 20-10.1-9-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. Each school corporation may borrow money to buy textbooks and may issue notes, maturing serially in not more than six (6) years and payable from its ~~general textbook~~ fund, to secure the loan. However, when an adoption is made by the state board of education for less than six (6) years, the period of time for which the notes may be issued is limited to the period of time for which that adoption is effective. Notwithstanding other provisions of this section, a school township may not borrow money to purchase textbooks unless a petition requesting such an action and bearing the signatures of twenty-five percent (25%) of the resident taxpayers of the school township has been presented to and approved by the township trustee and township board.

SECTION 7. IC 20-10.1-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) Except as provided in subsections (b) and (c) and all laws to the contrary notwithstanding, each governing body shall purchase from a contracting publisher, at the net contract price or at any subsequent lower price, the textbooks adopted by the ~~Indiana state~~ board of ~~education~~ and selected by the proper local officials and ~~shall may~~ rent these textbooks to each student enrolled in any public school which is in compliance with the minimum certification standards of the ~~Indiana state~~ board of ~~education~~ and is located within the attendance unit served by the governing body.

(b) This section does not prohibit the purchase of these textbooks at the option of any student or the providing of free textbooks by the governing body under IC 20-10.1-11.

(c) This section does not prohibit a governing body from suspending the operation of this section under a contract entered into under IC 20-5-62.

SECTION 8. IC 20-10.1-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) Each governing body may purchase from a contracting publisher, at the net contract price or at any subsequent lower price, any textbook adopted by the state board of education and selected by the proper local officials and may rent these textbooks to students enrolled in any public or nonpublic school which is in compliance with the minimum certification standards of the ~~state~~ board of ~~education~~ and is located within the attendance unit served by the governing body. ~~at an~~ **The total annual rental not to charged to a student may not exceed twenty-five percent (25%) of the retail price of the textbooks: the**

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amount determined under STEP THREE of the following:

STEP ONE: Determine the sum of the purchase price of each textbook rented to the student.

STEP TWO: Multiply the STEP ONE result by twenty-five hundredths (0.25).

STEP THREE: Subtract eighty-three dollars (\$83) from the STEP TWO result.

(b) However, the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of a textbook that has been:

- (1) adopted for usage by students under IC 20-10.1-9;
- (2) extended for usage by students under IC 20-10.1-9-1(b); and
- (3) paid for through rental fees previously collected **and textbook grants previously received under IC 21-3-1.7-9.4.**

(c) This section does not limit any other laws but is supplementary.

SECTION 9. IC 20-10.1-11-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. ~~Sale of Books.~~ Each governing body may provide a sufficient number of ~~these books~~ **textbooks** for sale to resident students who may purchase them at the price stipulated in the contracts under which the ~~books~~ **textbooks** are supplied to each school corporation. These funds **from sales to students** must be paid into the ~~general~~ **textbook** fund.

SECTION 10. IC 21-2-19 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 19. Textbook Fund

Sec. 1. As used in this chapter, "textbook" has the meaning set forth in IC 20-10.1-1-12.5.

Sec. 2. As used in this chapter, "textbook fund" refers to the fund established by a school corporation under section 3 of this chapter.

Sec. 3. Each school corporation shall establish a textbook fund.

Sec. 4. Money in the textbook fund may be used only for the following purposes:

- (1) Repaying interest and principal on loans obtained under IC 20-10.1-9-20 to purchase textbooks.
- (2) Purchasing, repairing, or storing textbooks rented to students under IC 20-10.1-10.

Sec. 5. A school corporation shall deposit the following in the textbook fund:

- (1) Distributions received under IC 21-3-1.7-9.4.
- (2) Textbook rental fees received under IC 20-10.1-10.

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(3) Proceeds from the sale of textbooks under
IC 20-10.1-11-13.

**Sec. 6. Money in the textbook fund at the end of a school year
does not revert to the school's general fund.**

SECTION 11. IC 21-3-1.7-3.1 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3.1. (a) As used in this
chapter, "previous year revenue" for calculations with respect to a
school corporation equals:

(1) the school corporation's tuition support for regular programs,
including basic tuition support, and excluding:

(A) special education grants;

(B) vocational education grants;

(C) at-risk programs;

(D) the enrollment adjustment grant;

(E) the academic honors diploma award;

(F) the primetime distribution; and

(G) for 2005 and thereafter, the supplemental remediation
grant; and

(H) for 2006 and thereafter, the textbook grant;

for the year that precedes the current year; plus

(2) the school corporation's tuition support levy for the year that
precedes the current year before the reductions required under
section 5(1) and 5(2) of this chapter; plus

(3) distributions received by the school corporation under
IC 6-1.1-21.6 for the year that precedes the current year; plus

(4) the school corporation's excise tax revenue for the year that
precedes the current year by two (2) years; minus

(5) an amount equal to the reduction in the school corporation's
tuition support under subsection (b) or IC 20-10.1-2-1, or both;
plus

(6) in calendar year 2003, the amount determined for calendar
year 2002 under section 8.2 of this chapter, STEP TWO (C); plus

(7) in calendar year 2004, the amount determined for calendar
year 2002 under section 8.2 of this chapter, STEP TWO (D); plus

(8) notwithstanding subdivision (1), in calendar year 2004, the
school corporation's distribution under section 9.7 of this chapter
for calendar year 2003.

(b) A school corporation's previous year revenue shall be reduced
if:

(1) the school corporation's state tuition support for special or
vocational education was reduced as a result of a complaint being
filed with the department of education after December 31, 1988,

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because the school program overstated the number of children enrolled in special or vocational education programs; and
 (2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in tuition support for special and vocational education because of the overstatement.

(c) A school corporation's previous year revenue shall be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-5.5-11. The amount of the reduction equals the product of:

(1) the sum of the amounts distributed to the conversion charter school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d); multiplied by

(2) two (2).

SECTION 12. IC 21-3-1.7-9.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 9.4. (a) In addition to the distributions under sections 8.2, 9.5, 9.7, 9.8, and 9.9 of this chapter, a school corporation is eligible for a textbook grant in an amount equal to the school corporation's current ADM multiplied by eighty-three dollars (\$83).**

(b) The textbook grant shall be deposited in the school corporation's textbook fund established under IC 21-2-19-3 and used only for the purposes specified in IC 21-2-19-4.

SECTION 13. IC 21-3-1.7-9.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 9.5. (a) As used in this section, "school corporation" includes:**

(1) a conversion charter school; and

(2) beginning in the second calendar year after the calendar year in which a nonconversion charter school begins its initial operation, a nonconversion charter school.

(b) In addition to the ~~distribution~~ distributions under sections 8.2, 9.4, 9.7, 9.8, and 9.9 of this chapter, a school corporation is eligible for an enrollment adjustment grant if the school corporation's:

(1) current ADM minus the school corporation's previous year ADM is at least two hundred fifty (250); or

(2) current ADM divided by the school corporation's previous year ADM is at least one and five-hundredths (1.05).

(c) The amount of the enrollment adjustment grant is the amount determined in STEP THREE of the following formula:

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STEP ONE: Determine the school corporation's target revenue per ADM divided by three (3).

STEP TWO: Determine the result of the school corporation's current ADM minus the school corporation's previous year ADM.

STEP THREE: Multiply the STEP ONE result by the STEP TWO result.

(d) Notwithstanding any other provision, for purposes of computing the amount of a grant under this section, "ADM" does not include an eligible pupil who is described in IC 21-3-1.6-1.2(a).

SECTION 14. IC 21-3-1.7-9.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9.7. In addition to the distributions under sections 8.2, **9.4**, 9.5, 9.8, and 9.9 of this chapter, ~~for 1997 and thereafter~~, a school corporation is eligible for an amount for at-risk programs in the amount determined in STEP SIX of the following formula:

STEP ONE: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

(i) Determine the result of the school corporation's at-risk index minus two-tenths (0.2).

(ii) Multiply the item (i) result by seven-hundredths (0.07).

(B) Zero (0).

STEP TWO: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

(i) Determine the result of the school corporation's at-risk index minus fifteen-hundredths (0.15).

(ii) Multiply the item (i) result by eighteen-hundredths (0.18).

(B) Zero (0).

STEP THREE: Determine the result under clause (B) of the following formula:

(A) Determine the lesser of:

(i) the school corporation's at-risk index; or

(ii) fifteen-hundredths (0.15).

(B) Multiply the clause (A) result by one hundredth (0.01).

STEP FOUR: Add the STEP ONE result, the STEP TWO result, and the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR sum by the school corporation's current ADM. Round the result to the nearest one-hundredth (0.01).

STEP SIX: Multiply the STEP FIVE product by three thousand

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1 six hundred sixty-four dollars (\$3,664) in 2003 and zero dollars
2 (\$0) in calendar years beginning after December 31, 2003.

3 SECTION 15. IC 20-5-6-5 IS REPEALED [EFFECTIVE JULY 1,
4 2005].

5 SECTION 16. [EFFECTIVE JULY 1, 2005] (a) **On July 1, 2005,**
6 **a school corporation shall transfer any unencumbered money in**
7 **any fund or account used for textbook rental fees to the textbook**
8 **fund established by the school corporation under IC 21-2-19, as**
9 **added by this act. The money transferred under this SECTION**
10 **may be used for any purpose for which other money in the school**
11 **corporation's textbook fund may be used.**

12 (b) **Notwithstanding IC 21-3-1.7-9.4, as added by this act, a**
13 **school corporation is entitled in 2005 to only fifty percent (50%) of**
14 **the amount of the textbook grant specified in IC 21-3-1.7-9.4, as**
15 **added by this act, to be distributed in six (6) monthly installments.**

16 (c) **This SECTION expires January 1, 2008.**

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